

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Katy Allen  
Peter Jensen

**SUBJECT:** SEE BELOW

**DATE:** 03-14-06

Approved



Date

3/15/06

Council District: Citywide

**SUBJECT: CENTRAL SERVICE YARD PHASE II PROJECT - ONE HUNDRED PERCENT EMERGENCY POWER**

## **REASON FOR ADDENDUM**

The timely addition of a critical project element to a design-build contract, so as not to delay the contract and risk potential cost impacts.

## **RECOMMENDATION**

Adopt a resolution authorizing the Director of Public Works to negotiate and execute an amendment to the design-build contract with Hensel Phelps Construction Co. for the Central Service Yard Phase II Project to expend up to \$757,408 of the allowance for the design and construction of a 100% emergency power generator.

CEQA: Mitigated Negative Declaration, File No. PP05-136.

## **BACKGROUND**

On November 15, 2005, Council authorized the City Manager to award the design-build contract for the Central Service Yard Phase II Project. On December 5, 2005, the City Manager awarded the design-build contract to Hensel Phelps Construction Co. in the amount of \$24,419,000. The project includes the construction of two buildings, a two-bay vehicle wash, the renovation of an existing building and associated site work at the Central Service Yard at 1661 Senter Road.

The initial Notice to Proceed, for the design phase, was issued on January 17, 2006. The design work is now approximately 70% complete. Construction is scheduled to begin in late March of 2006, with completion scheduled for summer of 2007.

## **ANALYSIS**

The main building at the Central Service Yard site, which serves as the hub for both the Facilities branch and warehouse supplies, currently has 100% emergency power backup. During the programming and bid preparation phase for the Phase II project, it was discovered that there was no additional capacity on the existing generator to provide backup power for the additional facilities of the Phase II project. The need for emergency power was considered, but due to the fact that this project is being implemented by the design-build process with a potential for unknowns, it was decided to include the emergency power as an add-alternate. Given that the bids on the project came in higher than the Engineer's Estimate, staff recommended to Council that none of the add-alternates be awarded. Council accepted this recommendation and authorized the City Manager to award the base bid only in the amount of \$24,419,000. Staff is now seeking Council approval to add the design and construction of a 100% emergency generator to the project.

Since the award of the design-build contract, further discussions between the departments of General Services, Police, Fire, Parks, Recreation and Neighborhood Services, Transportation, and the Office of Emergency Services, to finalize the programming of the site and refine the design has occurred. It was determined that it is critical to have 100% emergency power capability in order to provide the capacity to support emergency operations. Also, during the design process, a backup network operations center was added to the program of one of the new buildings. Incorporating the emergency generator into the project at this time provides the benefit of enabling the contractor to fully integrate this component of work into the overall design and construction of the Central Service Yard in the most economical manner.

The base design-build contract includes a \$1,000,000 allowance for owner "Scope Changes not originally identified." The purpose of this allowance is for the City to have the means to incorporate additional scope elements as part of the normal development of a project design, in order to include needed components that are not articulated or identified in the base design-build contract. This allowance is in addition to a project construction contingency, which is \$2,441,900 for this project.

Pursuant to the allowance provision, staff recommends adding the design and construction of the emergency generator to the project. The contractor, Hensel Phelps Construction Co., has indicated that it is prepared to design and construct the emergency generator for \$757,408, which is the same amount it bid for this work in the add-alternate that was rejected. Accepting this recommendation would still leave approximately \$240,000 in the allowance for any other design additions, as well as the full amount of the construction contingency.

Staff recommends that the Director of Public Works be authorized to negotiate and execute a contract amendment using \$757,408 of the allowance for the design and construction of a 100% emergency generator for the project.

## **OUTCOME**

The addition of the recommended generator to the project will provide 100% emergency backup power to serve the new facilities at the Central Service Yard thereby improving response in the event of an emergency.

## **PUBLIC OUTREACH**

Not applicable.

## **COORDINATION**

This project and memorandum have been coordinated with the City Attorney's Office and the City Manager's Office, the Departments of Transportation, Finance, Planning, Building and Code Enforcement, Parks, Recreation and Neighborhood Services, and the City Manager's Budget Office.

## **COST IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION: \$757, 408

2. COST OF PROJECT:

Project Delivery	\$3,185,119
Design/Construction	24,419,000
Contingency	2,441,900
Furniture/Furnishings/Equipment	660,000
Relocation and Misc. Expenses	<u>700,000</u>
<b>TOTAL PROJECT COST</b>	<b>\$31,406,019</b>

Prior Year Expenditures	(71,957)
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<b>Remaining Project Costs</b>	<b>\$31,334,062</b>
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3. SOURCE OF FUNDING: 395- Construction Tax and Property Conveyance Tax Fund.
4. FISCAL IMPACT: This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy. The proposed operating and maintenance costs of this project have been reviewed and will have no significant impact on the General Fund operating budget.

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**BUDGET REFERENCE**

Fund #	Appn. #	Appn. Name	Total Appn.	Amt. For Contract	2005-2006 Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
<b>Remaining Project Costs</b>			<b>\$31,334,062</b>			
<b>Current Funding Available</b>						
395	4962	Central Service Yard Phase II	\$ 28,504,000	\$24,419,000	V-1227	2/14/2006 Ord. No. 27665
Total Current Funding Available			\$ 28,504,000	<b>\$24,419,000</b>		
<b>Total Funding for Remaining Project Costs</b>			<b>\$28,504,000*</b>			

\* The remaining \$2,830,062 necessary for this project is programmed for 2006-2007 in the Service Yards Construction and Conveyance Tax Fund.

**CEQA**

Mitigated Negative Declaration, File No. PP05-136.



KATY ALLEN  
Director, Public Works Department



PETER JENSEN  
Director, General Services Department

KA:bm:mf  
Attachment  
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